



Government of the District of Columbia
Office of the Chief Financial Officer
Office of Tax and Revenue



Qualified High Technology Companies

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- Description of Tax Benefits
- Forms for Claiming Tax Benefits

QUALIFIED HIGH TECHNOLOGY COMPANIES TAX BENEFITS

Pursuant to the New E-Conomy Transformation Act of 2000 (the Act) certain District of Columbia tax benefits are available to Qualified High Technology Companies for tax years beginning after December 31, 2000.

A Qualified High Technology Company (QHTC) is one which –

- a) Is an individual or entity organized for profit;
- b) Maintains an office, headquarters, or base of operations in the District of Columbia;
- c) Has 2 or more employees in the District;
- d) Receives at least 51% of its gross revenue from one or more of certain “permitted” activities (D.C. Code 47-1817.1(5)(A)(iii));
- e) Does not receive 51% or more of its gross revenue from operating a retail store or electronic equipment facility in the District;
- f) Is appropriately registered as a business in the District; and
- g) Is current in all District filing requirements and payment obligations.

Permitted Activities include —

- Internet-related services and sales including website design, maintenance, hosting, or operation;
- Internet-related training, consulting, advertising, or promotion services; the development, rental, lease, or sale of Internet-related applications, connectivity, or digital content; or products and services that may be considered e-commerce;
- Information and communication technologies, equipment and systems that involve advanced computer software and hardware, data processing, visualization technologies, or human interface technologies, whether deployed on the Internet or other electronic or digital media;
- Advanced materials and processing technologies that involve the development, modification, or improvement of one or more materials or methods to produce devices and structures with improved performance characteristics or special functional attributes, or to activate, speed up, or otherwise alter chemical, biochemical, or medical processes;
- Engineering, production, biotechnology and defense technologies that involve knowledge-based control systems and architectures; advanced fabrication and design processes, equipment, and tools; or propulsion, navigation, guidance, nautical, aeronautical and astronautical ground and airborne systems, instruments, and equipment; and
- Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content.

TAX BENEFITS

The various credits and other tax benefits available to a QHTC are –

Tax Credits for

- Costs of retraining qualified disadvantaged employees;
- Wages paid to qualified disadvantaged employees;
- Wages paid to qualified employees; and
- QHTC payments for employee relocation costs.

Other Tax Benefits

- Exemption from sales and use tax;
- Reduction of corporate franchise tax rate;
- Partial exemption from the personal property tax
- Exemption for 5 years from D.C. corporate franchise tax when located in designated high technology development zones;
- Increased deduction for Internal Revenue Code (IRC) section 179 property;
- Deductions for leasehold improvements made by a QHTC tenant;
- Exclusion of capital gains from taxation for qualified assets held more than 5 years;
- Rollover (deferral) of certain capital gains; and
- Reduction in Real Property Tax.

Claiming QHTC Tax Benefits

To be eligible to claim a tax credit or any of the other tax benefits available under the Act a claimant must attach to its District corporate franchise tax return (Form D-20) a QHTC-CERT (or to the Form FP-31 Personal Property Tax or the Forms FR-800A or M Sales and Use Tax where appropriate) certifying in good faith that it meets all of the conditions required of a QHTC. If the certification is not made in good faith a penalty may be imposed.

TAX CREDITS AVAILABLE TO QHTCs

Retraining Costs for Qualified Disadvantaged Employees (refundable credit)

Wages Paid to Qualified Disadvantaged Employees (nonrefundable credit)

I. A Qualified Disadvantaged Employee is:

- a) A District resident and
- b) A recipient of Temporary Assistance for Needy Families (TANF); or
- c) A recipient of TANF in the period immediately preceding employment; or
- d) A person released from incarceration within twenty four months before the date of employment by a QHTC; or
- e) An employee hired, or relocated to the District, after December 31, 2000, and for whom a QHTC is eligible to claim the Welfare to Work Tax Credit or the Work Opportunity Tax Credit under sec. 51 of the Internal Revenue Code. (Note: these two federal credits expired at the end of 2001 but were extended through December 31, 2003.)

The term “qualified disadvantaged employee” does not include

- a) A temporary or seasonal employee; or
- b) An employee who was employed as the result of:
 - 1) The displacement of another employee;
 - 2) A strike or lockout;
 - 3) A layoff in which other employees are awaiting recall;
 - 4) A reduction of the regular wages, benefits, or rights granted to other employees in similar jobs; or
- 5) A key employee.

Retraining

For taxable years beginning after December 31, 2000, a QHTC may claim a credit against its D.C. corporate franchise tax for expenses which it paid or incurred during the taxable year for retraining qualified disadvantaged employees. The limited credit may be taken as a refundable credit for up to 50 percent of the unused portion of the credit claimed or it may be carried forward for 10 years. Noncorporate filers are eligible for the refundable credit, which may be claimed by filing Form FR-332 (together with a copy of the Form QHTC-CERT). For corporate filers this and other QHTC credits may be taken on Form D-20CR which should be filed with the Form D-20.

Expenditures eligible for tax credit and paid by a QHTC to retrain a qualified disadvantaged employee:

- a) Tuition, costs, or fees for credit or noncredit courses leading to academic degrees or certification of professional, technical, or administrative skills taken at a District-based, accredited college or university;
- b) The cost of formally enrolling in training programs offered by nonprofit training providers (including community or faith-based organizations) certified for providing training, or job-readiness preparation at skill levels suitable for immediate performance of entry-level jobs that are pre-qualified by the District of Columbia, Department of Employment Services and which are in demand among technology companies in general, and among information and telecommunications companies in particular;
- c) Eligible training programs, other than those at a District-based accredited college or university, which are pre-qualified by the Department of Employment Services;
- d) Worker retraining programs taken through an apprenticeship agreement approved by the District of Columbia Apprenticeship Council.

Limitations on the retraining tax credit

The retraining credit is limited to \$20,000 for each qualified disadvantaged employee during the first 18 months of employment. If the amount of this credit exceeds the tax otherwise due from a QHTC, the unused amount of the credit may not be carried beyond the tenth year following the first year the taxpayer files a return claiming the credit. The QHTC may also elect to take a refundable credit in an amount equal to fifty percent of the unused credit with no carryover to subsequent years.

II. Wages Paid to Qualified Disadvantaged Employees

A QHTC is allowed a credit against the District corporate franchise tax equal to fifty percent of the wages paid to a qualified disadvantaged employee, during the first 24 calendar months of employment.

This credit will not be allowed if:

- a) the QHTC grants the qualified employee lesser benefits or rights than it grants other employees in similar jobs; or
- b) the qualified employee was employed as the result of:
 - 1) The displacement of another employee;
 - 2) A strike or lockout;
 - 3) A layoff in which other employees are awaiting recall;
 - 4) A reduction of the regular wages, benefits, or rights of other employees in similar jobs; or
 - 5) If the employee is a key employee.

Limitations on the credit for wages paid to qualified disadvantaged employees

The credit is limited to \$15,000 per year for each qualified disadvantaged employee.

If the amount of the wages credit exceeds the District corporate franchise tax otherwise due from a QHTC, the unused amount of the credit may not be carried beyond the tenth year following the first year the taxpayer filed a return claiming QHTC status.

III. Wages Paid to Qualified Employees

For taxable years beginning after December 31, 2000, a QHTC may claim a credit against its District corporate franchise tax in an amount equal to ten percent of the wages paid to a qualified employee employed by it in the District in any of the previously listed permitted activities and who is hired after December 31, 2000.

The credit will not be allowed if:

- a) The QHTC grants the qualified employee lesser benefits or rights than it grants other employees in similar jobs; or
- b) The qualified employee was employed as the result of:
 - 1) The displacement of another employee;
 - 2) A strike or lockout;
 - 3) A layoff in which other employees are awaiting recall; or
 - 4) A reduction of the regular wages, benefits, or rights granted to other employees in similar jobs; or
 - 5) The employee is a key employee.

Limitations on tax credit for wages paid to qualified employees

The wages must be paid during the first 24 calendar months of employment.

If the amount of the credit exceeds the District corporate franchise tax otherwise due from the QHTC the unused

amount may not be carried beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

The credit may not exceed \$5,000 for each qualified employee in a taxable year.

IV. Relocation Costs

For taxable years beginning after December 31, 2000, a QHTC may claim a credit against its District corporate franchise tax for each dollar reimbursed to or paid on behalf of each qualified employee for the cost of relocating to the District. This credit is not available if such costs are taken as a deduction by the corporation.

Qualified Employee

A qualified employee is a person employed in the District by a QHTC for 35 hours or more per week in any of the permitted activities.

The credit under this section is not allowed:

- a) Until the QHTC relocates at least two qualified employees from employment outside the District to inside the District;
- b) Until the QHTC has employed the qualified employee for at least six months in the District in a permitted activity;
- c) If the qualified employee works less than 35 hours per week;
- d) If the QHTC has claimed a deduction for the relocation costs; or
- e) If the employee is a Key Employee.

If the amount of the credit allowable under this section exceeds the D.C. franchise tax otherwise due from a QHTC, the unused amount of the credit may not be carried beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

Which Relocation Costs Qualify?

Qualifying relocation costs include amounts paid to a qualified employee for reimbursement of:

- a) Moving expenses as defined in IRC section 217(b)(1); and
- b) Financial assistance in purchasing a residence, in paying a security deposit or in procuring a one-year lease for a residence in the District. The commencement date of the employee's move or financial assistance must be after December 31, 2000, and only relocation costs related to one relocation per qualified employee is allowed.

Limitations on tax credit for relocation costs

This credit may not exceed:

- a) \$5,000 for each employee who relocates his/her employment to the District but who does not relocate his/her principal residence to the District. The total annual credit amount for a QHTC may not exceed \$250,000.
- b) \$7,500 for each employee who relocates his/her

employment to the District and who also relocates his/her principal residence to the District. The total annual credit amount for a QHTC may not exceed \$1,000,000.

Principal residence is determined as of the last day of the first six months of employment in the District by a QHTC.

If the amount of the credit exceeds the District corporate franchise tax liability the unused amount may be carried forward but not beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

Key Employee

A key employee is one who is:

- a) A member of the board of directors of the QHTC; or
- b) Directly or indirectly the owner of a majority of the QHTC's stock; or
- c) Related to a member of the board of directors or a majority stockholder as a spouse or relative within the definition of "dependent" in IRC section 152.

TAXES AND QHTCs

V. Franchise Tax

For taxable years beginning after December 31, 2000, a QHTC filing a District corporate franchise tax return is subject to a reduced franchise tax rate (6%). If the QHTC is located in a high-technology development zone there is no franchise tax imposed for five years after the QHTC begins business in that zone. The QHTC must still file a District corporate franchise tax return during that period. A QHTC that is not a corporation is not eligible for a rate reduction.

The transfer of ownership of a QHTC will not affect eligibility for the franchise tax reduction.

VI. Personal Property Tax

Qualified personal property (within the meaning of D.C. Code sec. 47-1521(4)) purchased and used or held for use by a QHTC after December 31, 2000, is exempt from District personal property tax for 10 years beginning with the year of purchase.

If the personal property is used or is available for use in the eleventh year and thereafter, the property must be reported at 25% of the original cost or exchange value, unless the property is qualified technological equipment (see D.C. Code 47-1523(b)) in which case it must be reported at 10% of the original cost or exchange value.

A QHTC may be eligible to claim a refund of personal property tax paid in 2001.

VII. Sales Tax

Sales within the District by a QHTC of intangible property or services otherwise taxable as a retail sale are exempt from District sales tax. This exemption does not apply to telecommunication service providers. Sales to a QHTC of computer software or hardware, and visualization and

human interface technology equipment, including operating and applications software, computers, terminals, display devices, printers, cable, fiber, storage media, networking hardware, peripherals, and modems when purchased for use in connection with the operation of the QHTC are not subject to District sales tax. To make such tax-free purchases the QHTC must present its tax-exempt purchase certificate (Form FR-337) to the vendor.

A QHTC may also be eligible to claim a refund of sales or use tax paid in 2001 by filing Form FP-331.

DEDUCTIONS AND QHTCS

VIII. Deductions for Certain Depreciable Business Assets

A QHTC may deduct the lesser of \$40,000 or the actual cost of personal property described in IRC section 179(d)(1).

If the QHTC is a tenant, the cost of any real property and leasehold improvements may be deducted regardless of whether they become an integral part of the realty.

With respect to improvements, they must be substantial and made by the QHTC during any 24-month period beginning after December 31, 2000. They must constitute: an addition to the basis of the property which exceeds the greater of an amount equal to the adjusted basis of the property at the beginning of the 24-month period or \$5,000; and at least 51% of the cost of the additions are improvements which facilitate the business of a QHTC on the premises; and the improvements were finished before January 1, 2003.

IX. Unincorporated Business Franchise Tax Exemption

A QHTC that is not a corporation is exempt from the unincorporated business franchise tax.

Such a QHTC may also be eligible, under certain circumstances, to claim a credit for retraining costs (use Forms D-30CR and FP-332) and a refund of personal property tax paid with the personal property tax return (Form FP-31) filed for tax year 2002 on or before July 31, 2001. In addition, such a QHTC may be eligible to claim a refund of sales and use tax paid for the year 2001. The personal property tax refund claim may be made by filing an amended Form FP-31; the sales and tax refund claim may be made using Form FP-331 (Claim for Refund).

X. Capital Gain and QHTCs

Qualified capital gain from the sale or exchange of a QHTC's capital assets held for more than 5 years is not includible for the purpose of computing District gross income. Qualified capital gain does not include:

- gain attributable to real property or an intangible asset not an integral part of a QHTC; and
- gain occurring before January 1, 2001 or after December 31, 2007.

The term "qualified capital gain" means gain recognized on the sale or exchange of a capital asset as defined or treated in the Internal Revenue Code as specified in D.C. Code 47-1801.4(10).

- a) The term "qualified capital gain" does not include gain:
 - 1) Treated as ordinary income under IRC sections 1245 or 1250 if IRC section 1250 applied to all depreciation rather than just to additional depreciation;
 - 2) Attributable to real property or an intangible asset which is not an integral part of a QHTC's business operations in the District; or
 - 3) Attributable, directly or indirectly, in whole or in part, to a transaction with a related person

Rollover of capital gain from qualified stock to other qualified stock. Qualified stock is that which satisfies the requirement for small business stock under IRC section 1202(a) and is issued by a QHTC. Where gain is realized on the sale of qualified stock held by a taxpayer, other than a corporation, for more than six months the taxpayer may elect to defer recognition of gain unless it was previously deferred.

However, if a taxpayer purchases qualified stock within 60 days of selling other qualified stock, gain is recognized. Gain is recognized to the extent that the amount of gain realized on the sale exceeds the cost of the qualified stock purchased.

The taxpayer's holding period is determined without regard to IRC section 1223. This treatment does not apply to gain considered ordinary income under IRC sections 1245 or 1250.

HIGH-TECHNOLOGY DEVELOPMENT ZONES AND QHTCS

A QHTC located in a high-technology development zone is exempt from the District franchise tax for five years after the date it begins business in the zone.

The zones, also called priority development areas, are

- Downtown East;
- Capital City Business and Industrial;
- Capital City Market;
- Georgia Avenue;
- Southeast Federal Center/Navy Yard;
- Any District-designated Foreign Trade or Free Trade Zone (19 U.S.C. 81a et. seq.);
- Any federally-approved enterprise or empowerment zone;
- Any federally-approved enterprise community;
- Any designated development zone (D.C. Code, Title 5, chap. 14);
- Any designated housing or development opportunity area or new or upgraded commercial center
- Transit Impact area; or
- Minnesota Avenue

For the exact boundaries of each of these zones please see D.C. Code section 1-2295.20 or call 202-442-6500.

Please note that there is a real property tax abatement benefit and various other financial incentives of a non-income/franchise tax nature that are provided for QHTCs in the New E-Conomy Transformation Act of 2000.



Government of the District of Columbia

D-20CR 200
Business Tax Credits
(File With Form D-20)

OFFICIAL USE:

For Tax Year beginning after December 31, 200__

or Tax Year beginning _____, 200__ and ending _____, _____

BUSINESS NAME AS SHOWN ON D.C. FORM D-20: _____

FEDERAL EMPLOYER IDENTIFICATION NUMBER: _____

**PART A — REDUCTION IN D.C. CORPORATE FRANCHISE TAX FOR A
QUALIFIED HIGH TECHNOLOGY COMPANY (QHTC)**

DOLLARS ONLY

- | | |
|---|----|
| 1. Total District of Columbia Taxable Income (line 36 of Form D-20) | \$ |
| 2. Regular Corporation Franchise Tax (multiply line 1 by .09975). If less than \$100, enter \$100 | \$ |
| 3. QHTC TAX (multiply line 1 by .06). If less than \$100, enter \$100 | \$ |
| 4. Amount of Credit (line 2 minus line 3) | \$ |
| (If in a High Technology Development Zone, enter amount from line 2) | |

**PART B — TAX CREDIT FOR THE COSTS OF RETRAINING QUALIFIED DISADVANTAGED
EMPLOYEES DURING THE FIRST 18 MONTHS OF EMPLOYMENT**

- | | |
|---|----|
| 1. Number of employees eligible, first 12 months. <input type="text"/> | |
| 2. Total expenditures for retraining Qualified Disadvantaged Employees paid or incurred during this period . | \$ |
| 3. Amount of Retraining Tax Credit | \$ |
| Limited to \$20,000 per employee for retraining costs incurred during the first 18 months of employment beginning after December 31, 2000.) | |

**PART C — TAX CREDIT FOR 50% OF WAGES PAID TO QUALIFIED DISADVANTAGED EMPLOYEES
DURING THE FIRST 24 MONTHS OF EMPLOYMENT**

- | | | |
|--|--|----|
| 1. Employees eligible in First year <input type="text"/> | 2. Months in First year <input type="text"/> | |
| 3. Total Wages paid during tax year 200__ to Qualified Disadvantaged Employees | | \$ |
| 4. Tax credit (50% of line 3) | | \$ |
| Limited to 50% of qualified disadvantaged employee's wages paid during the first 24 months of employment beginning after December 31, 2000, not to exceed \$15,000 per employee. | | |

PART D — TAX CREDIT FOR RELOCATION COSTS

- | | |
|---|----|
| 1. Number of eligible employees who reside <u>in</u> the District <input type="text"/> | |
| 2. Number of eligible employees who reside <u>outside</u> the District <input type="text"/> | |
| 3. Tax credit for employees residing <u>in</u> the District (limited to \$7,500 per employee, see instructions) . . . | \$ |
| 4. Tax credit for employees residing <u>outside</u> the District (limited to \$5,000 per employee, see instructions) | \$ |
| 5. Total tax credit (add lines 3 and 4) | \$ |

**PART E – TAX CREDIT FOR 10% OF WAGES PAID TO QUALIFIED EMPLOYEES DURING
THE FIRST 24 MONTHS OF EMPLOYMENT**

1. Number of eligible employees

2. Total Wages paid during this period to Qualified Employees \$

3. Tax credit – Line 2 x 0.10 (Limited to \$5,000 per employee in the tax year.) \$

PART F – SUMMARY OF TAX CREDITS FOR A QHTC

ELECTION #1: Amount of Business Tax Credit

1. Regular District of Columbia Corporation Franchise Tax (Part A, Line 2) \$

2. Franchise Tax Credit (Part A, Line 4) \$

3. Retraining Costs Tax Credit (Part B, Line 3) \$

4. Qualified Disadvantaged Employee Wages (Part C, Line 4) \$

5. Relocation Cost (Part D, Line 5) \$

6. Qualified Employee Wages (Part E, Line 3) \$

7. Total Credits (add Lines 2 through 6) \$

8. Net Tax (Line 1 minus Line 7) (If Line 7 is greater than Line 1 enter zero) \$

9. Unused Business Tax Credits Carryover to 200__ (Line 7 minus line 1)

(If Line 1 is greater than Line 7 enter 0) \$

10. Used Business Tax Credit (Line 7 minus Line 9) If Line 7 is greater than zero

enter here and on Form D-20, Line 38(d) \$

PART G – ELECTION TO RECEIVE REFUND FOR REFUNDABLE CREDIT FOR QHTC RETRAINING COSTS

ELECTION #2: Amount of Refund of Retraining Tax Credit

1. Amount of Unused Business Tax Credit Carryover to 200__ (Part F, Line 9) \$

2. Retraining Costs Tax Credit (Part B, Line 3) \$

3. Unused Business Tax Credit Carryover excluding Retraining Costs Tax Credit

(Line 1 minus Line 2) \$

4. Amount from Line 1 or Line 2, whichever is smaller. \$

5. Amount of Retraining Costs Tax Credit to be refunded (50% of Line 4)

enter here and on Form D-20, Line 44 \$

QUALIFIED HIGH TECHNOLOGY COMPANY

Certification of Gross Revenue

(To be filed with Form D-20CR)

For Tax Year Beginning: _____, 200__ and Ending _____ 200__

Company Name: _____ FEIN: _____ - _____ or SSN: _____

Column 1 Address of D.C. Location	Column 2 Gross Revenue from Permitted Activities					Column 3 Gross Revenue From Permitted Activities (add column 2 A thru E)	Column 4 Gross Revenue from Non-Permitted Activities	Column 5 Total Gross Revenue Permitted and Non-Permitted (add cols. 3 & 4)
	A	B	C	D	E			
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
TOTAL								

Permitted Activities - D.C. Code § 47-1817.1(5)(A)(iii)

- Activity A – Internet related services and sales.
- Activity B – Information and communication technologies, equipment and systems.
- Activity C – Advance material and processing technologies.
- Activity D – Engineering, production, biotechnology and defense technologies.
- Activity E – Electronic and photonic devices and components.

NOTE: Activities A through E must **not** include gross revenue from a retail store or an electronic equipment facility (Data Hotel).

INSTRUCTIONS FOR FORM D-20CR

WHO MAY USE FORM D-20CR?

A business which is a corporation, including a Limited Liability Company (LLC) which elected to be treated as a corporation for Federal tax purposes and which is certified as a QHTC may file a Form D-20CR to claim the credits listed on Form D-20CR.

SHOULD THE CERTIFICATION OF GROSS REVENUE, BE SUBMITTED WITH THE FORM D-20CR?

Yes, in the first year that the business is a Qualified High Technology Company for six or more months and in all subsequent years.

WHAT IS A QUALIFIED HIGH TECHNOLOGY COMPANY?

A Qualified High Technology Company is an individual or entity organized for profit that:

- (a) Maintains an office, headquarters, or base of operations in the District of Columbia;
- (b) Has 2 or more employees, employed in the District of Columbia;
- (c) Derives at least 51% of its gross revenue from one or more of the permitted activities listed below and in the D.C. Official Code § 47-1817.1(5)(A)(iii);
- (d) Does not receive 51% or more of its gross revenue from operating a retail store or electronic equipment facility, as defined in D.C. Official Code § 47-1817.1(5)(B)(i) and (ii), in the District; and
- (e) Is appropriately registered as a business in the District, and is current in all District Government filing requirements and payment obligations.

WHICH FORMS ARE REQUIRED TO CLAIM QUALIFIED HIGH TECHNOLOGY COMPANY CREDITS?

A company must file a corporate franchise tax return (D-20) to claim the credits entered on the Form D-20CR. The Certification for Qualified High Technology Company, Form QHTC-CERT, must also be filed. (This is required even if the company has been previously certified as a QHTC.)

PART A: REDUCTION IN D.C. CORPORATE FRANCHISE TAX RATE FOR A QUALIFIED HIGH TECHNOLOGY COMPANY (QHTC)

This part is used to reduce the corporation tax rate for a QHTC to 6% from the normal rate of 9.975%.

A QHTC located in a high technology development zone is not subject to the D.C. corporate franchise tax imposed on taxable income for a period of five years after the date when the QHTC commences business in that zone. However, in order to preserve the QHTC tax credit carryover, a QHTC in a high technology development zone should file a D.C. corporate franchise tax return for each year in which the QHTC is not subject to the D.C. corporate franchise tax.

The transfer of ownership of a QHTC does not affect eligibility under this section.

PART B: TAX CREDITS FOR THE COSTS OF RETRAINING QUALIFIED DISADVANTAGED EMPLOYEES DURING THE FIRST 18 MONTHS OF EMPLOYMENT

A QHTC may claim a credit on its corporate franchise tax return (Form D-20) for expenditures which it paid or incurred during the taxable year for retraining a qualified disadvantaged employee.

PART C: TAX CREDIT FOR 50% OF WAGES PAID TO QUALIFIED DISADVANTAGED EMPLOYEES DURING THE FIRST 24 MONTHS OF EMPLOYMENT

A QHTC is allowed a credit against the D.C. corporate franchise tax equal to fifty percent (50%) of the wages paid to a qualified disadvantaged employee during the first 24 calendar months of employment.

The credit claimed is limited to \$15,000 for each qualified disadvantaged employee.

PART D: TAX CREDIT FOR RELOCATION COSTS

A QHTC is allowed a credit against the D.C. corporate franchise tax for each dollar reimbursed to or paid on behalf of each qualified employee for relocation costs. The credit may not exceed:

- (a) \$5,000 for each employee who relocates his or her employment to the District from outside the District but does not relocate his or her principal residence to the District. The annual credit for a QHTC may not exceed \$250,000.
- (b) \$7,500 for each employee who relocates his or her employment to the District from outside the District and who also relocates his or her principal residence to the District. The annual credit for a QHTC may not exceed \$1,000,000.
- (c) For purposes of this subsection, the principal residence is determined as of the last day of the first six months of employment in the District by a QHTC.

PART E: TAX CREDIT FOR WAGES PAID TO QUALIFIED EMPLOYEES DURING THE FIRST 24 MONTHS OF EMPLOYMENT

A QHTC is allowed a credit against the D.C. corporate franchise tax equal to 10% of the wages paid during the first 24 calendar months to a qualified employee. The qualified employee must be hired after December 31, 2000 and employed in the District by the QHTC in any of the "permitted activities."

PART F: SUMMARY OF TAX CREDITS FOR A QHTC

This part is a summation of tax reductions and credits claimed in Parts A through E. Be careful to copy the correct lines for Part F. Please enter the amount from line 10 of Part F on line 38(d) of Form D-20.

**PART G: ELECTION TO RECEIVE REFUND FOR
REFUNDABLE CREDIT FOR QHTC RETRAINING COSTS**

Please complete this section to receive a refund equal to 50% of the costs to retrain qualified disadvantaged employees.

CERTIFICATION OF GROSS REVENUE WORKSHEET

This worksheet is to be filed with the Form D-20CR.

Title Line. Enter the dates of the beginning and ending of the tax year for which certification applies, the name of the business and the Federal Employer Identification Number.


Column 1. D.C. address or location of each business.

Column 2. For each business location, enter gross revenue from each listed permitted activity.

Column 3. Enter the total for column A through E for each business location.

Column 4. Enter the gross revenue from the total non-permitted activities for each location.

Column 5. Enter the total gross revenue (add columns 3 and 4) from permitted and non-permitted activities for each location.

 <p style="margin: 0;">Government of the District of Columbia</p> <p style="margin: 0;">D-30CR</p>	<p style="margin: 0;">Business Tax Credits Return</p> <p style="margin: 0;">Qualified High Technology Company Not A Corporation (File With Form FP-332)</p>	<p style="text-align: right; margin: 0;">200__</p> <hr/> <p style="margin: 0;">OFFICIAL USE:</p>
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FOR TAX YEAR BEGINNING AFTER DECEMBER 31, 200__

or

Tax Year beginning _____, _____ 200__ and ending _____, _____ 200__

BUSINESS NAME _____

FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER _____

**TAX CREDIT FOR COSTS OF RETRAINING QUALIFIED DISADVANTAGED
EMPLOYEES DURING THE FIRST 18 MONTHS OF EMPLOYMENT**

Retraining Tax Credit to be Refunded	DOLLARS ONLY
1. Retraining costs (enter total from line 12, Form FP-332, Column A)	\$
2. Maximum allowed total (from line 12, Form FP-332, Column C)	\$
3. Line 1 or 2 whichever is less	\$
4. Retraining costs claimed in prior years (line 12, Form FP-332, Column D)	
5. Retraining costs allowed in current year (Line 3 minus Line 4)	\$
6. Amount of Retraining Tax Credit to be refunded (Line 5 times .50)	\$

INSTRUCTIONS

(Refundable Business Tax Credit for Retraining Costs Incurred By Unincorporated Business Qualified High Technology Companies)

PURPOSE

An unincorporated business that qualifies as a Qualified High Technology Company and has incurred retraining costs for disadvantaged employees may claim a refundable business tax credit equal to 50% of the cost to retrain these disadvantaged employees. The credit may not exceed \$20,000 per disadvantaged employee during the first 18 months of employment.

DUE DATE

Each person or entity, other than a corporation, must file the Business Tax Credits Return (Form D-30CR) together with the Claim for Refund of Retraining Costs (Form FP-332) on or before the 15th day of the fourth month following the close of its accounting period.

FILING THE RETURN

Mail the completed Forms D-30CR and FP-332 to the Office of Tax and Revenue, P.O. Box 610, Washington, D.C. 20044-0610



Government of the District of Columbia

FP-332

CLAIM FOR REFUND OF RETRAINING COSTS

Qualified High Technology Company – Not a Corporation

200

Company Name and Address:

Federal Employer Identification Number or Social Security Number:

EMPLOYEE'S NAME	SOCIAL SECURITY NUMBER	DATE OF EMPLOYMENT	NUMBER OF MONTHS EMPLOYED	COLUMN A RETRAINING COSTS	COLUMN B MAXIMUM AMOUNT ALLOWED	COLUMN C AMOUNT IN COL. A OR COL. B, WHICHEVER IS LESS	COLUMN D AMOUNT CLAIMED IN PRIOR YEAR	COLUMN E RETRAINING COST AVAILABLE FOR CREDIT IN CURRENT YEAR (COL. C MINUS COL. D)
1.	-			\$	\$20,000.	\$	\$	\$
2.	-			\$	\$20,000.	\$	\$	\$
3.	-			\$	\$20,000.	\$	\$	\$
4.	-			\$	\$20,000.	\$	\$	\$
5.	-			\$	\$20,000.	\$	\$	\$
6.	-			\$	\$20,000.	\$	\$	\$
7.	-			\$	\$20,000.	\$	\$	\$
8.	-			\$	\$20,000.	\$	\$	\$
9.	-			\$	\$20,000.	\$	\$	\$
10.	-			\$	\$20,000.	\$	\$	\$
11.	-			\$	\$20,000.	\$	\$	\$
12. TOTALS				\$		\$	\$	\$

13. CURRENT YEAR RETRAINING COST AVAILABLE FOR TAX CREDIT

14. AMOUNT OF REFUNDABLE RETRAINING TAX CREDIT (50% OF LINE 13)

Under penalty of perjury, I declare that I have examined this claim and to the best of my knowledge it is correct.

Signature of Owner or Officer

Company Name

Date

Company's Address

Telephone Number

E-Mail Address

INSTRUCTIONS FOR FORM FP-332

Enter the beginning and ending dates of the tax year, the company name and Federal Employer Identification Number or the Social Security Number.

WHO MAY USE THE FORM D-332?

A business which is not a corporation and which is certified as a Qualified High Technology Company may claim a partial refund of the retraining tax credit.

You are a Qualified High Technology Company if:

- (a) You are an individual or entity organized for profit;
- (b) You maintain an office, headquarters, or base of operations in the District of Columbia;
- (c) You have 2 or more employees in the District;
- (d) At least 51% of your gross revenue is derived from one or more of the permitted activities listed in the Qualified High Technology Companies publication FR-399;

- (e) You do not receive 51% or more of gross revenue from operating a retail store or electronic equipment facility in the District;
- (f) You are appropriately registered as a business in the District; and
- (g) You are current in all District Government filing requirements and payment obligations.

HOW AND WHEN TO FILE

To claim the retraining tax credit, a Qualified High Technology Company that is not a corporation must attach Form QHTC-CERT, Certification for Qualified High Technology Company and Form D-30CR, Business Tax Credits Return for a Qualified High Technology Company not a corporation to Form FP-332, Claim for Refund of Retraining Costs.



Government of the District of Columbia

QHTC-CERT : 200

CERTIFICATION FOR QUALIFIED HIGH
TECHNOLOGY COMPANY

OFFICIAL USE:

1. _____
Name of Company Federal Identification Number or SSN Taxable Year Ending
Real Property Eligible for Abatement → Square _____ Suffix _____ Lot _____

Certifies that it is a Qualified High Technology Company and that it (check all that apply):

2. ☐ Is an individual or entity organized for profit;
3. ☐ Maintains an office, headquarters, or base of operations in the District of Columbia;
4. ☐ Has two or more employees in the District of Columbia;
5. ☐ Derives at least 51% of its gross receipts from one or more of the following (check all that apply):
- a. ☐ Internet-related services and sales;
 - b. ☐ Information and communication technologies, equipment and systems that involve advanced computer software and hardware, data processing, visualization technologies, or human interface technologies, whether deployed on the Internet or other electronic or digital media;
 - c. ☐ Advanced materials and processing technologies that involve the development, modification, or improvement of one or more materials or methods to produce devices and structures with improved performance characteristics or special functional attributes, or to activate, speed up, or otherwise alter chemical, biochemical, or medical processes;
 - d. ☐ Engineering, production, biotechnology and defense technologies that involve knowledge-based control systems and architectures; advanced fabrication and design processes, equipment, and tools; or propulsion, navigation, guidance, nautical, aeronautical and astronautical ground and airborne systems, instruments, and equipment; or
 - e. ☐ Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content.
6. ☐ Does not derive 51% or more of its gross receipts from the operation in the District of Columbia of a retail store or an electronic equipment facility as defined in DC Official Code section 47-1817.1 (5)(B)(i) and (ii); and
7. ☐ Is appropriately registered as a business in the District and is current in all District Government filing requirements and payment obligations.
8. ☐ Please enter your principal business activity _____.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge it is correct.

Signature of Owner or Officer

Company Name

Date

Company's Address

Telephone Number

Fax Number

e-mail address

INSTRUCTIONS FOR FORM QHTC-CERT, CERTIFICATION FOR QUALIFIED HIGH TECHNOLOGY COMPANY

WHO MAY USE THE CERTIFICATION FORM?

Any Business which qualifies and wishes to be certified as a Qualified High Technology Company.

HOW SHOULD MY BUSINESS SUBMIT FORM QHTC-CERT?

Form QHTC-CERT must be attached to any D.C. tax return claiming the benefits of the New E-Conomy Transformation Act of 2000.

Such tax returns include the following:

Form D-20 – D.C. Corporation Franchise Tax Return
Form FR-800M – D.C. Monthly Sales and Use Tax Return
Form FR-800A – D.C. Annual Sales and Use Tax Return
Form FP-31 – D.C. Personal Property Tax Return
Form FR-128 – Extension of Time to File D.C. Franchise or Partnership Return
Form D-30CR – Business Tax Credits Return for QHTC not a Corporation
Form FP-129A – Extension of Time to File D.C. Personal Property Tax Return or Report

INSTRUCTIONS FOR COMPLETING FORM QHTC-CERT.

Line 1. Enter the business name, the Federal Employer Identification Number (FEIN) or the Social Security Number (SSN), and the ending date of the company's taxable year. For companies claiming an abatement of real property tax, fill in the square, suffix and lot numbers for the real property eligible for abatement. If claiming an abatement for more than one property, please attach a detailed listing.

Lines 2 through 7. Place an X in each of the boxes that apply to your business.

Form QHTC-CERT must be signed and dated by an Owner, General Partner or Officer of the business authorized to sign. Please provide the company's address, telephone, fax number and e-mail address.

NOTE: The boxes for lines 2, 3, 4; at least one box in line 5a through 5e, and lines 6 and 7 must be completed per these instructions. If these boxes are not completed, the company is not a Qualified High Technology Company and is not entitled to any of the benefits of the New E-Conomy Transformation Act of 2000.



FP-331

CLAIM FOR REFUND
SALES AND USE TAX

YEAR 200____

CLAIM # _____

NAME OF TAXPAYER

TRADE NAME

FEDERAL EMPLOYER IDENTIFICATION NO./SSN

STREET ADDRESS

CITY

STATE

ZIP CODE

PHONE #

FAX #

NOTE: FOR TAX PAID ON MORE THAN ONE RETURN, LIST EACH ON A SEPARATE LINE

PERIOD ENDED	TOTAL TAX PAID	DATE OF PAYMENT	AMOUNT OF REFUND CLAIMED	EXPLANATION OF OVERPAYMENT

TOTAL

(FOR ADDITIONAL SPACE, USE OTHER SIDE)

Under penalties of law the duly authorized applicant(s) do solemnly swear or affirm that the foregoing statements are correct to the best of my (our) knowledge.

AUTHORIZED SIGNATURE

TITLE

DATE

OFFICIAL USE

	INITIAL	DATE	AMOUNT
APPROVED			
DENIED			

INSTRUCTIONS for FP-331

SALES AND USE TAX

Section 47-2020(a) of the D.C. Sales Tax Act allows a refund of tax erroneously or illegally collected by the District, if a claim is filed within THREE YEARS from the date of payment of the tax. If the tax has been collected from the customer, it must be refunded to the customer in cash or credit before making application for refund from the District. If the claim relates to a QHTC it must be accompanied by a certification for Qualified High Technology Company (Form QHTC-CERT). The original of this form should be filed with the Office of Tax and Revenue and a copy retained by the taxpayer.

Sufficient evidence to support a claim for refund must be submitted with the claim. The evidence should include copies of original invoices, Certificates of Resale, Contractor's Exempt Purchase Certificates, tax exemption numbers of semipublic institutions, credit memos for returned sales or taxes refunded to customers and any other related documents.

The claim **must** be mailed to:

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF TAX AND REVENUE
AUDIT DIVISION
P.O. BOX 556
WASHINGTON, D.C. 20044-0556

QUESTIONS SHOULD BE DIRECTED TO (202) 727-4829.

QUALIFIED HIGH TECHNOLOGY COMPANY—EXEMPT PURCHASE CERTIFICATE **DISTRICT OF COLUMBIA SALES AND USE TAX**

VENDOR	PURCHASER
VENDOR'S STREET ADDRESS	TRADE NAME (IF ANY)
CITY STATE ZIP CODE	PURCHASER'S STREET ADDRESS
NOTE: SELLER MUST KEEP THIS CERTIFICATE TO SUBSTANTIATE EXEMPT STATUS	CITY STATE ZIP CODE
FEIN <div style="border: 1px solid black; display: inline-block; width: 150px; height: 20px; margin-top: 5px;"></div>	SOCIAL SECURITY NUMBER <div style="border: 1px solid black; display: inline-block; width: 150px; height: 20px; margin-top: 5px;"></div>

TYPES OF EXEMPTION

Sales to a Qualified High Technology Company of computer software or hardware, and visualization and human interface technology equipment, including operating and applications software, computers, terminals, display devices, printers, cable, fiber, storage media, networking hardware, peripherals, and modems are exempt from sales and use tax when purchased for use in connection with the operation of the Qualified High Technology Company.

I certify that all items of the above mentioned property purchased from you are for use in connection with the operation of a Qualified High Technology Company as defined in D.C. Code Sec. 47-1817.1(5)(A).

This certificate shall be considered a part of each order we shall give, provided the order contains our District of Columbia Certificate of Registration number and will continue in force until revoked by a written notice to you.

AUTHORIZED SIGNATURE	TITLE	DATE
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INSTRUCTIONS

To use this certificate the purchaser (issuer) must be registered with the District of Columbia for sales and use tax. This certificate is not valid unless it contains the purchaser's FEIN or SSN. Also, it must be signed by the owner or authorized officer and dated.

If the issuer of the certificate buys items from the seller that do not qualify for tax exemption, you should advise the seller to charge the appropriate sales tax on such items. Otherwise, the purchaser is required to report and pay use tax owed directly to the Office of Tax and Revenue using the Sales and Use Tax returns (FR-800A annual or FR-800M monthly).

The seller must retain all QHTC Exempt Purchase Certificates to substantiate tax exemptions in case of an audit of its D.C. Sales and Use Tax returns.

**QUALIFIED HIGH TECHNOLOGY COMPANY RETRAINING COSTS FOR
QUALIFIED DISADVANTAGED EMPLOYEES**

TAX CREDIT WORKSHEET

	Employee 1	Employee 2	Employee 3	Employee 4	Employee 5	Employee 6	Employee 7
1. Employee's Name							
2. Employee's Social Security Number							
3. Date employed in District							
4. Training Expense (Note 1)							
5. Prior Year Credit (Note 2)							
6. Current Year Credit (Subtract line 5 from line 4)							

Note 1 – Total eligible retraining expenditures, not to exceed \$20,000, paid or incurred by a QHTC to retrain this Qualified Disadvantaged Employee in his or her first 18 months of employment in the District.

Note 2 – Qualified Disadvantaged Employee's Retraining Costs Tax Credits claimed for this employee in the prior year.

Qualified High Technology Companies Qualifying Tangible Personal Property Refunds and Exemptions

Refund of Personal Property Tax Paid on Qualifying Tangible Personal Property Acquired after December 31, 2000.

A certified D.C. Qualified High Technology Company (QHTC) which paid D.C. personal property tax on qualifying tangible personal property acquired after December 31, 2000, may claim a refund of the tax paid by filing an amended Form FP-31, personal property tax return.

The qualifying tangible personal property purchased by a certified D.C. QHTC and which is held for use in your trade or business must be reported in Schedule D-3 and filed with Form FP-31.

Exemption from D.C. Personal Property Tax of Qualifying Tangible Personal Property Acquired after December 31, 2000

Qualifying tangible personal property purchased and used or held for use in a certified D.C. QHTC's business may be claimed as exempt from the D.C. personal property tax. The property must be reported in Schedule D-3 and filed with Form FP-31. A completed Schedule D-3 and a completed D.C. Form QHTC-CERT must be attached to the Form FP-31 that is filed.

Schedule D-3 of Form FP-31

A certified D.C. QHTC claiming exemption for qualifying tangible personal property which it purchased after December 31, 2000, or which is in its possession pursuant to a lease – purchase or security – purchase agreement (a capital lease – under which it is required to become the owner of the property) must report the property in a Schedule D-3 filed with Form FP-31.

All such property acquired or leased under a lease-purchase or security-purchase agreement prior to January 1, 2001, is not tax exempt. The property must be reported in Schedule A of Form FP-31.

Schedule D-4 of Form FP-31

A non QHTC which, after December 31, 2000, rents or leases qualifying tangible personal property to a certified D.C. QHTC under a lease-purchase or security-purchase agreement must report the property in Schedule D-4 and file it with Form FP-31.

Note: A non QHTC lessor of such property acquired prior to January 1, 2001, under a similar lease arrangement must report the property in Schedule D-2 of Form FP-31.

Schedule A of Form FP-31

Qualifying tangible personal property leased by a non QHTC under an operating lease (no ownership implication for the lessee) to either a certified D.C. QHTC or a non QHTC is subject to the personal property tax. The property tax must be reported in Schedule A of Form FP-31.

Filing an Amended Personal Property Tax Return

Check the amended return box on the Form FP-31 for the year which you are amending. If the Form FP-31 for the year being amended does not have an amended return box, please write “**Amended Return**” at the top of the Form FP-31 that you are using.

In connection with filing an amended personal property tax return, please attach the following to the return –

- **a completed D.C. Form QHTC-CERT;**
- **proof of payment of the personal property tax liability for the year being amended;**
- **a copy of the lease agreement, if relevant; and**
- **a copy of any purchase invoice(s).**

SCHEDULE D-3—QUALIFYING TANGIBLE PERSONAL PROPERTY PURCHASED BY A CERTIFIED QHTC AND USED OR HELD FOR USE BY THE QHTC (OR LEASED UNDER A CAPITAL LEASE) TO A CERTIFIED QHTC.

PROPERTY TYPE	PURCHASE DATE	QHTC CERTIFICATION DATE	ORIGINAL COST	REMAINING COST	LESSOR'S NAME AND ADDRESS	MONTHLY RENT	DATE LEASE BEGAN
			TOTALS:	TOTALS:			

SCHEDULE D-4—QUALIFYING TANGIBLE PERSONAL PROPERTY PURCHASED BY A NON QHTC AND LEASED TO A CERTIFIED QHTC UNDER A CAPITAL LEASE.

PROPERTY TYPE	PURCHASE DATE	LESSEE'S CERTIFICATION DATE	ORIGINAL COST	REMAINING COST	LESSEE'S NAME AND ADDRESS	MONTHLY RENT	DATE LEASE BEGAN
			TOTALS:	TOTALS:			